Oversight Division

Committee On Legislative Research

Program Evaluation:
Department of Mental Health
Central Office

Program Evaluation
Department of Mental Health
Central Office

Prepared for the Committee on Legislative Research
by the Oversight Division

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January 30, 2002

Members of the General Assembly:

The Joint Committee on Legislative Research adopted a resolution in May, 2001, directing the Oversight Division to perform a program evaluation of the Department of Mental Health Central Office to determine and evaluate program performance in accordance with program objectives, responsibilities, and duties as set forth by statute or regulation.

The accompanying report includes Oversight's comments on internal controls, compliance with legal requirements, management practices, program performance and related areas. We hope this information is helpful and can be used in a constructive manner for the betterment of the state program to which it relates.

Respectfully,

Senator Larry Rohrbach
Chairman

EXECUTIVE SUMMARY

The Missouri Department of Mental Health is charged with the prevention of mental disorders, developmental disabilities and substance abuse; the treatment, habilitation, and rehabilitation of Missourians with those conditions; and the improvement of public understanding and attitudes about mental disorder, developmental disabilities and substance abuse. To accomplish these duties, the Department is divided into three divisions - the Division of Comprehensive Psychiatric Services, the Division of Mental Retardation and Developmental Disabilities, and the Division of Alcohol and Drug Abuse. Technical and administrative support for the Divisions is provided through the Department's Office of Administration, Office of Consumer Affairs, Office of Quality Management, Office of Human Resources, Office of Information Systems, and Office of Public Affairs. These offices make up the Department's Central Office. During the period of this review (July 1, 1996 through June 30, 2001), the Department of Mental Health's central office staffing levels were budgeted at an average of approximately 551 full-time equivalent (FTE) per year. The Department's annual central office appropriations for administrative personal service costs averaged nearly $20 million and total Department appropriations averaged more than $634 million.

In reviewing the DMH's Central Office Operations, Oversight determined the DMH employs part-time Grievance Investigators to investigate employment related issues, sexual harassment allegations and employee theft. Oversight noted wages paid to these part-time investigators averaged over $51,000 per year for approximately 1,225 hours of work annually. Oversight recommends the duties of these part-time investigators be absorbed by existing full-time Office of Quality Management staff.

Oversight noted the DMH has 14 employees with job titles including the words "Director" or "Manager" that supervised no employees. In addition, 11 "Manager-" or "Director-" titled employees supervised one to three staff. In response to Oversight's questions regarding why the DMH has "Directors" or "Managers" with little or no supervisory responsibility, the Department stated that these individuals typically direct a component or function that has duties so critical to the Department's operations they are required to report directly to the Department Director, a division director or the Deputy Department Director. Oversight recommends the DMH review the job duties of "Managers" and "Directors" to determine whether reorganization within another division or office is possible and determine whether the duties of those employees could be performed by lower salaried employees.

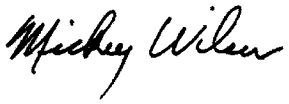
The Office of Consumer Affairs is responsible for responding to consumer complaint and grievance issues. Oversight determined that nearly all calls coming into the Office of Consumer Affairs are first answered by the DMH's main switchboard receptionist and then forwarded. Oversight also determined that the primary function of the Office of Consumer Affairs is to facilitate the complaint resolution process of the Divisions rather than actually resolving the issues. Oversight recommends the DMH reorganize the consumer grievance/complaint responsibilities within the Office of Quality Management. Oversight also recommends that the DMH maintain direct complaint/grievance phone lines, staffed during normal business hours,

with appropriate Office of Quality Management staff. By having the DMH central office receptionist be the first line person dealing with complaint/grievance calls, it appears the DMH is not taking complaints seriously.

The DMH is in the process of implementing a new claims processing system called the Customer Information Management, Outcomes, and Reporting (CIMOR) system. The total cost for this system, once completely implemented, is expected to be approximately $15.3 million excluding annual on-going cost. Oversight requested, but was not able to obtain a cost analysis prepared by the DMH for the various options available to the DMH prior to its purchase of CIMOR. Oversight determined, using the Department of Social Services contract with Verizon, that the DMH would have paid between $690,000 and $828,000 for FY 2001 claims processing had claims processing been outsourced. Oversight did not contact Verizon regarding a contract with DMH and acknowledges there may be additional costs not considered in our calculations. However, Oversight recommends the DMH prepare a cost analysis of various options before a major decision is made, that all options be investigated, and a dollar amount determined for the initial cost and projected annual expense of each option.

Oversight also reviewed the DMH's policies and procedures relating to the review of claims submitted by providers/contractors for payment of services and noted that providers are given notice and a listing of client records that will be reviewed by the DMH monitoring staff when they perform an on-site review. Although this allows providers the opportunity to have records available for monitoring staff upon their arrival, it also provides an opportunity for record review and correction by the facility. In addition, each Division within the DMH has its own policies and procedures for the reviews conducted. Oversight recommends the Department consolidate provider/contractor reviews under one office, preferably the Office of Quality Management, since this is where the Audit Services unit is located. Department-wide review procedures for providers/contractors should be developed and reviews should be coordinated to encompass all three divisions work, when possible, to reduce duplication of effort. Oversight also recommends the DMH discontinue notifying providers/contractors of the client files it plans to review during monitoring visits and take a more aggressive approach to detecting possible fraud and abuse.

Oversight did not examine departmental financial statements and accordingly, does not express an opinion on them. We acknowledge the cooperation and assistance of Department of Mental Health staff during the evaluation process.



Mickey Wilson, CPA
Acting Director

Chapter 1 - Introduction

The Joint Committee on Legislative Research directed the Oversight Division to conduct a program review to evaluate staffing increases, staffing patterns and personal service expenditures in the Department of Mental Health's central office. In addition, Oversight was directed to review State and Regional Advisory Councils' travel, lodging, and meal expenditures. This review informs the General Assembly of the efficiency of central office operations within the Department of Mental Health and the reasonableness of State and Regional Advisory Councils' travel, lodging, and meal expenditures.

Background

The Department of Mental Health (Department or DMH) was established as a cabinet-level state department on July 1, 1974. The Mental Health Commission (Commission) appoints the Director of the Department of Mental Health, with confirmation of the Senate. The seven Commission members are appointed to four-year terms by the governor and confirmed by the Senate. By law, the Commission must include a community mental health services advocate, a physician who is an expert in the treatment of mental illness, a physician concerned with developmental disabilities, a member with business expertise, a substance abuse treatment advocate, and two citizens who represent the interests of psychiatric and developmental disability services consumers. The Mental Health Commissioners serve as the principal policy advisors to the Department Director.

State law provides three primary responsibilities for the Department of Mental Health: 1) the prevention of mental disorders, developmental disabilities, and substance abuse, 2) the treatment, habilitation, and rehabilitation of Missourians with those conditions, and 3) the improvement of public understanding and attitudes about mental disorders, developmental disabilities and substance abuse.

The Department of Mental Health is divided into three divisions - the Division of Alcohol and Drug Abuse, the Division of Comprehensive Psychiatric Services, and the Division of Mental Retardation and Developmental Disabilities. Through these divisions, the Department makes services available through state-operated facilities and contract agreements. The state-operated facilities include three psychiatric hospitals, five community mental health centers, three children's facilities, six long-term habilitation centers, and 11 regional centers for persons with developmental disabilities.

The Division of Alcohol and Drug Abuse (ADA) was established within the Department in 1975 and became a statutory entity with passage of the Omnibus Mental Health Act in 1980. It provides funding for prevention, outpatient, residential and detoxification services to agencies

that work with the communities to develop and implement comprehensive coordinated plans. The ADA also provides technical assistance to these agencies and operates a certification program that sets standards for treatment programs, qualified professionals, and alcohol and drug related educational programs.

The State Advisory Council on Alcohol and Drug Abuse was created by Missouri Statute in 1981. The Council acts as an advisory body to the Division of Alcohol and Drug Abuse and the Division Director. The State Advisory Council consists of 25 members appointed by the Director of the Department of Mental Health and endorsed by the Governor.

The State Advisory Council for Comprehensive Psychiatric Services was established in 1977 by executive order. The twenty-five members of the State Advisory Council are appointed by the Director of the Department of Mental Health. These members advise and make recommendations to improve the mental health care system. Five regional councils provide ongoing input into the State Advisory Council. Each regional council has three representatives appointed to the state council.

The Division of Mental Retardation and Developmental Disabilities is the administering agent for Public Law 104-183, which is the federal law that mandates the Missouri Planning Council for Developmental Disabilities. The Missouri Planning Council is federally funded and has twenty-two, consumer-driven, members that are appointed by the Governor. The Council's mandate is to plan, advocate for, and give advice concerning programs and services for persons with developmental disabilities.

Technical and administrative support for the divisions is provided through the Department's Office of Administration, Office of Consumer Affairs, Office of Quality Management, Office of Human Resources, Office of Information Systems, and Office of Public Affairs.

The Office of the Director, with the advice of the Mental Health Commission, is responsible for the overall operations of the Department of Mental Health, its divisions, facilities, and providers. The Director's duties include planning, supervising and evaluating the provision of services for Missourians with mental disorders, developmental disabilities and substance abuse. The Office of General Counsel assists in litigation, represents the department in legal matters, interprets law and works with the Office of the Attorney General. Also, within the Office of the Director is the Office of Legislative Liaison and the Office of Consumer Affairs. The Office of Legislative Liaison is responsible for the review and analysis of state and federal legislation that pertains to the Department of Mental Health. The Office of Consumer Affairs provides consumer and family views in department policymaking, aids in access to services and ensures that client rights are protected.

The Office of Administration provides administrative and financial services to help the

Department achieve its desired results. The Office of Quality Management provides support for the clinical divisions and other support offices, including certification programs, survey and licensure of facilities, and providing internal and external audits and investigations. The Office of Human Resources provides administrative support for employment, employee relations, recruitment, compensation management and affirmative action. The Office of Information Systems is responsible for the development, operation and coordination of the Department's computer information systems. The Office of Public Affairs supports the program divisions and administrative offices in developing information about department programs and services and informing staff, consumers, providers and the public about those programs and services.

During the period of this review (July 1, 1996 through June 30, 2001), the Department of Mental Health's central office staffing levels were budgeted at an average of approximately 551 full-time equivalent (FTE) per year. Of the budgeted FTE, an average of approximately 505 FTE positions were filled each year. The Department of Mental Health's annual central office appropriations for the review period for administrative personal service costs averaged $19.95 million. Total department appropriations averaged more than $634 million. Annually, the Department of Mental Health's administrative personal service costs averaged 3.2 percent of total appropriations.

Objectives

The program evaluation of the Department of Mental Health Central Office operations included the inspection of records, reports and other documentation for the purpose of informing the General Assembly of the efficiency of central office operations. The Oversight Division's evaluation focused on the following objectives:

- Costs and staffing levels within the Department of Mental Health's central office are justified for the duties performed
- Management level positions are necessary for effective and efficient operation of Department of Mental Health programs
- Regional Advisory Council travel expenditures are reasonable
- The Department of Mental Health has an effective and impartial grievance resolution process

Scope/Methodology

The scope of the evaluation review concentrated on the Department of Mental Health's central office operations for the period July 1, 1996 through June 30, 2001. The methodology used by the Oversight Division included analyzing budget and actual expenditure information, reviewing organizational charts, job descriptions, State and Regional Advisory Council expense reports, annual budget reports, functional analysis study, contracts for temporary employment, and other

information to the extent necessary to fulfill our review objectives.

During the spring of 1997, the Department commissioned the Managed Care Technical Assistance Group (MCTAG) of the National Council for Community Behavioral Healthcare to conduct a functional analysis of the Department. The functional analysis was performed in an effort to identify ways the Department could enhance and improve its efficiency, effectiveness, and productivity as it prepared to adopt a managed care system for the delivery of services. Although adoption of a managed care system was later abandoned, the Department used many of the comments in the functional analysis to improve its operations.

Oversight reviewed the functional analysis report, its recommendations, and the Department's comments, taking into account that some recommendations would no longer be applicable since managed care is not currently an option the Department is pursuing. Status reports relating to the Department's progress in implementing the recommendations and other related information were also reviewed. In addition, Oversight reviewed a sample of the recommendations and requested the Department provide a current status report on those recommendations. Oversight compared the sampled recommendations to the Department's annual reports and strategic plans to determine whether implementation of the recommendations have had a long term effect on the Department's operations.

Although not all of the recommendations resulting from the functional analysis were adopted by the Department, the Department appears to have taken seriously the findings of the functional analysis. Several of the recommendations made by the MCTAG pertained directly to Oversight's program evaluation and were followed up on as part of our review.

Our efforts focused on the following procedures:

- Evaluating the organizational structure of the central office
- Reviewing job descriptions and planning documents
- Reviewing part-time employee contracts
- Analyzing annual budget reports
- Analyzing central office staffing patterns before and after privatization of 6 DMH facilities in 1997
- Reviewing temporary employee contracts and salary information
- Discussing with DMH personnel the operations and functions of Offices within the central office

- Reviewing the DMH's complaint/grievance resolution process as it relates to an ombudsman program
- Reviewing the DMH claims processing system
- Reviewing policies and procedures related to central office operations
- Reviewing State and Regional Advisory Council travel and meeting expenditures
- Reviewing the functional analysis and following up on recommendations pertaining to:
  - Creating and implementing performance measures
  - Redirection of staff
  - Outsourcing claims processing.

Chapter 2 - Performance Measures

During the spring of 1997, the Department commissioned the Managed Care Technical Assistance Group (MCTAG) of the National Council for Community Behavioral Healthcare to conduct a functional analysis of the Department. The functional analysis was performed in an effort to help the Department identify ways it could enhance and improve its efficiency, effectiveness, and productivity.

In one of its comments, the MCTAG stated "developing Department-wide performance indicators is a critical next step in implementing restructuring" of the Department. The MCTAG recommended the Department develop performance indicators that are publically acknowledged, i.e., part of the strategic plan, because they contribute to goal attainment. In its comments to MCTAG's recommendation, the Department acknowledged the need to develop performance indicators.

The Department issued a DMH Functional Analysis, Table Summary of Recommendations with Current Status in January 2000. In this summary, the Department stated some parts of the organization were beginning to tie individual performance plans to office goals and objectives. In addition, the summary stated the Department recognized the need to build upon these efforts to tie the activities together.

As part of the DMH Final Status Report and Operational Next Steps, also issued in January 2000, the Department stated data management systems had been or were being developed to aid in trend analysis and profiling of client and provider related information. The Department stated that there was increasing utilization of various resources for expertise and assistance in performing and analyzing performance data.

Comment #1

Few measurable performance indicators have been implemented by the Department of Mental Health.

During Oversight's review and follow-up on MCTAG's comment and recommendation, it was determined that as of the end of Fiscal Year 2001, the Department had developed and implemented few significant Department-wide performance indicators. Department staff stated that prior to the fiscal year 2001 strategic plan, measuring the outcomes of the objectives of the strategic plan was secondary to the larger issues of the strategic plan and not a top priority for the Department.

Oversight also determined that data was not available to support the strategies used to meet the performance goals of the Department because the strategies were often too general and, therefore, difficult to measure. For example, in the FY 2000 strategic plan, the Department stated that

one of its goals was to reduce the severity, manifestation, cost and burden of mental illness, substance abuse, and developmental disabilities. The first outcome for this goal was to reduce injuries and deaths as a result of substance abuse among Missouri youth and adults. Some of the strategies identified as ways to meet this goal included providing Alcohol and Drug Abuse (ADA) funded prevention services to an increased percent of Missouri adolescents, providing prevention programs for high risk populations of students, coordinating existing prevention activities and funding to maximize prevention resources, and promoting campus-based strategies to educate college students. In each instance, the strategy is broad and the success of its implementation is not readily measurable.

RECOMMENDATIONS:

Oversight recommends the DMH continue to create and implement measurable performance outcome indicators Department-wide. The data collected for the performance indicators must be reliable and specific enough to allow for the critical evaluation of program results. Only with specific, reliable indicators can the Department determine the success of the strategies it uses to meet strategic plan objectives and goals and determine whether funding for the services provided is economically sound.

The Department has indicated that it is in the process of developing performance indicators and that measurable data should be available for FY 2002. Oversight recommends the Department continue to work on developing these indicators and measurement standards so that it can determine the effectiveness of the strategies implemented to meet its strategic plan goals and objectives.

Chapter 3 - Staffing Issues

The functional analysis contained a number of comments and recommendations pertaining to staffing issues at the Department of Mental Health. The MCTAG stated that current staffing levels generally appeared appropriate for the DMH's responsibilities, however, the Department could likely reduce staffing by 5-10% without greatly impacting current functions. The MCTAG recommended that as vacancies occur, the positions and their associated responsibilities be assessed as to their impact and necessity. Eliminating some positions and redistributing the responsibilities would accomplish the minimal recommended staff reductions.

Based on information provided to Oversight, the DMH has not significantly reduced the number of central office positions during the review period. Approximately 10.33 FTE, or 1.9%, of total central office FTE have been eliminated, primarily through core budget cuts. Privatization of six state-operated outpatient facilities did not significantly affect central office staffing levels even though it reduced total DMH employees by 836.

The functional analysis also stated administrative staffing levels, which included primarily clerks and related classifications, appeared high at a ratio of 3:1 for operations staff to each support person. The MCTAG stated that a ratio of 5:1 would be realistic and could be accomplished through attrition.

Although the DMH disagreed with this finding and recommendation on the basis that the functional analysis did not provide a clear definition of support staff, Oversight's review indicates that the DMH operations staff to support staff ratio is currently near the recommended 5:1 ratio. Using organizational charts provided by the Department, Oversight assumed "administrative staff" to include those individuals in Administrative Assistant, Clerk Typist, Clerk Steno, Typist, and Executive Secretary positions. Oversight did not include vacant positions in its calculations. As of June 2001, the Department's operations staff to support staff ratio was 4.96:1.

Legislative Oversight obtained information from six states (Alabama, Georgia, Mississippi, Rhode Island, South Carolina, and West Virginia) for FY 2001 with organizational structures similar to Missouri's. Oversight found that DMH's personal service expenditures to total appropriations and average appropriation per administrative FTE (salaries) ratios appeared to be in line with those of the other states.

The average total administrative personal service appropriation to total appropriations for the departments of mental health for five of the six states (Rhode Island did not provide appropriations information) was 3.81% compared to the DMH's 3.21%. The average appropriation per administrative FTE in Missouri was lower than that of the five other states.

Comment #2

Part-time employees often do not have "Memorandums of Understanding" detailing the conditions of their employment.

The Department of Mental Health employs a number of part-time employees, including retired DMH employees, to perform temporary duties. These part-time employees are to work no more than 1,040 hours per year and receive no benefits. Many, but not all of these employees, work under a "Memorandum of Understanding" or other contract which details the terms of employment.

During the review period, the DMH employed 41 persons on a part-time, no benefit basis within the central office. Fifteen (15) of these persons are currently employed by the DMH. Oversight obtained and reviewed all of the part-time employee Memorandums of Understanding maintained by the Department.

During FY 1999, one retired DMH employee, working on a part-time basis, worked more than 1,040 hours. As a result of this one instance, the DMH developed a method of tracking the hours worked by part-time employees employed under Memorandums of Understanding. The tracking system removes a part-time employee from available work status when the hours worked exceed 1,000 hours in any given year, starting with the employee's employment anniversary date. Prior to this occurrence, the DMH had no method of tracking the hours these part-time employees worked per year. The Department relied on the part-time employee to track his or her own hours. Working more than 1,040 hours in any given year would entitle the employee to receive benefits and the receipt of these benefits could jeopardize a retired employee's retirement benefits.

Oversight noted inconsistent use of the Memorandums of Understanding or any other type of "contract" for the employment of part-time individuals who receive no benefits. Oversight reviewed the employee files of 21 part-time employees who received no benefits. Of the files reviewed, one (1) employee file contained a Memorandum of Understanding signed by the employee and a representative of the DMH, eleven (11) files contained information regarding the terms of employment but the

memorandum or letter was not signed or agreed to by the employee, and nine (9) employee files contained no Memorandum of Understanding or other information detailing the terms of employment.

Without contracts of employment, part-time employees could work in excess of 1,040 hours in a year, entitling the employee to receive benefits. This would create additional cost to the Department and possibly jeopardize retirement benefits for the employee..

RECOMMENDATIONS:

Oversight recommends the Department create and use a standardized contract for the employment of all part-time employees who are to receive no benefits. A standardized form detailing the terms and conditions of employment would be easy for the DMH to administer. In addition, the use of a standardized form, signed by employees, would ensure all part-time employees who receive no benefits understand and agree to the conditions of their employment.

Oversight also recommends the DMH continue to utilize the tracking system developed to prevent part-time employees from working more than 1,040 hours per year.

Comment #3

Part-time investigator duties should be absorbed by existing full-time Office of Quality Management staff.

The Department of Mental Health employs, part-time, Grievance Investigators to investigate employment related issues, sexual harassment allegations and employee theft. Funding for the salaries paid to these investigators comes from the individual facility or Division who requests the investigation.

The DMH's Office of Quality Management (OQM) employs a Director of Abuse and Neglect Investigations who supervises a staff of six Program Specialists. This full-time staff is used to investigate grievances, employee fraud, forgery and other issues as they arise. In addition, the OQM Program Specialists do not have a backlog of cases they are working.

The part-time investigators work on an as-needed basis for the Department and its facilities and are paid $40 per hour. These investigators worked an average 1,225 hours per year during the review period, or the equivalent of approximately 0.6 FTE annually. The total wages paid to these investigators averaged $51,022 per year. This annual payout is approximately equal to the annual salary of 1.13 FTE Program Specialists I.

RECOMMENDATIONS:

The Oversight Division recommends the DMH utilize existing OQM staff to conduct all grievance investigations. All investigations should be the responsibility of the OQM. This would eliminate duplication of duties between the part-time investigators and the OQM staff and could result in an annual cost savings to the Department of up to $51,000.

Comment #4

The Department of Mental Health does not have current job descriptions for all merit employees.

The Department of Mental Health is a Merit System agency. As a Merit System agency, the DMH has both merit-classified positions and unclassified positions. The Missouri Office of Administration maintains broad job descriptions and qualifications for all merit classifications. Each merit-classified employee is to complete a detailed description of their actual job duties.

Although the Office of Administration has no requirements that an agency maintain job descriptions and qualifications for unclassified positions, pursuant to the DMH's Departmental Operating Regulation (DOR) 6.160, the DMH is required to have performance plans for all classified and unclassified employees who work at least 20 hours per week for more than six (6) months. Oversight reviewed the job descriptions and performance plans for the Department of Mental Health's central office employees. Oversight's review of those job descriptions and plans revealed that seven (7) employees in merit-classified positions had no detailed description of their actual duties. Twenty-five (25) employees in unclassified positions had no job description or plan outlining details of their duties.

A detailed job description of the actual duties performed and the required qualifications for each position within the DMH would facilitate the hiring and evaluation process. Without detailed descriptions and plans of the employees' duties, it is difficult to evaluate employee performance. It is also difficult to assure there is no duplication of duties within the department.

RECOMMENDATIONS:

Oversight recommends all employees in merit-classified positions complete detailed descriptions of their actual duties, as required by the State of Missouri, Office of Administration. Oversight also recommends that all merit-position employees review their job descriptions on a regular basis to determine if their duties have changed significantly, and if so, provide an updated job description.

Oversight also recommends the DMH adheres to its Departmental Operating Procedures and develop performance plans for all unclassified employees as well as maintain a description of the duties and responsibilities of each unclassified position as a means of facilitating the hiring and evaluation process of individuals filling those positions.

Comment #5

The Department of Mental Health has employees classified as directors or managers that have little or no supervisory responsibilities.

During the review of organizational charts, job descriptions and plannings provided by the DMH for its divisions, offices and staff, Oversight noted 14 employees with job titles including the words "Director" or "Manager" that supervised no employees. Oversight noted an additional 11 "Manager" or "Director" titled employees that supervised one to three staff members.

In response to Oversight's questions regarding why the Department has "Directors" and "Managers" with little or no supervisory responsibility, the Department's Acting Director stated the DMH has a number of managers "who direct a critical component or function but do not supervise a large number of staff. Some of these functions or programs are so critical that the manager is required to

report directly to the Department Director, a division director or the Deputy Department Director. Generally managers in these positions have considerable policymaking and program implementation authority. Decisions made by these managers have considerable impact department-wide in both the area of services and finances."

RECOMMENDATIONS:

Oversight recommends that the Department of Mental Health review the job duties of "Managers" and "Directors" to determine whether reorganization within another division or office is possible and determine whether the duties of those employees could be performed by a lower salaried employee.

Chapter 4 - DMH Complaint Resolution Process

The Office of Consumer Affairs (OCA), within the Director's Office, oversees the complaint resolution duties for the Department of Mental Health. The OCA's complaint resolution duties include assisting consumers and families with complaint resolution, answering consumer questions, and helping clients obtain assistance.

Oversight interviewed Department staff, including Office of Consumer Affairs staff and the central office receptionist, regarding how the DMH responds to and handles complaints received by the Department. Oversight also reviewed annual consumer satisfaction surveys, a sample of consumer grievance/complaint files, and applicable regulations.

During the review of the Department's complaint and grievance resolution process, Oversight determined that the OCA has no written procedures or guidelines directing staff on how to deal with the issues presented to them when a consumer calls into the central office. There is a form used to write down pertinent information regarding the complaint or issue, but no formalized guidelines or procedures.

Ninety-nine percent (99%) of all telephone calls to the OCA are answered by the receptionist at the front desk and then transferred to OCA personnel. If no OCA staff, or alternate division staff, are available to take the calls, the receptionist takes down basic information about the caller, facility and incident, and forwards the information to OCA staff. Three individuals in other divisions help field calls in the absence of OCA staff.

When telephone calls are received by OCA, the staff try to resolve the issue over the phone, with the exception of abuse and neglect calls. Abuse and neglect calls are sent to the Office of Quality Management (OQM).

Initially, OCA staff try to get the consumer to contact the facility or provider for grievance resolution. If the consumer is dissatisfied with the provider's/facility's resolution, (s)he may re-contact OCA and appeal to the Division Director. The final step in the resolution process is to appeal to the Department Director. The Mental Health Commission does not generally review complaints and grievance issues. The OCA is responsible for facilitating each step in the process and keeping records of the actions taken, but actual resolution is placed back on the complainant or referred to another division for final resolution.

The complaints and the resulting resolution are maintained in the OCA and recorded on the OCA's Consumer Affairs Tracking System (CATS). All telephone and written contact with the OCA is entered into the CATS. The OCA monitors the cases to make sure the issues are resolved. Consumers may call in and ask about the status of their complaint, but OCA generally does not provide information to consumers regarding the status of their complaints. If consumers

write the Department, the Department will respond in writing.

Oversight reviewed a sample of the grievance files kept by the OCA and found instances where it was difficult to determine whether the issues reported by consumers had been resolved. Unless copies of decisions by the facility, Division Director, or Department Director were included in the file, there was no information indicating the issue has been resolved. Although OCA staff indicated this information is available in the CATS, it is not generally copied from the system and put in the file.

Comment #6

The Department of Mental Health should maintain direct complaint/grievance telephone lines that are answered by appropriate staff within the Office of Quality Management and place a formal final resolution document in grievance/complaint files.

The receptionist, a Clerk Typist II, answers all calls coming into the DMH central office's main switchboard. This includes calls coming in on 1-800 lines used by consumers with complaints or grievances. In addition to answering the telephone, the receptionist assists walk-ins, administers side-door access codes, handles cash and stamps, hotel invoices, cellular bills, and conference room reservations and scheduling.

The receptionist receives training to aid in screening calls and determining where calls should be forwarded. One week of on-the-job training is provided to each receptionist at the time they begin the job. More comprehensive training for staff involved in answering the telephone occurs approximately every three years, with the last training session held in April 2001.

The OCA receives approximately 360 calls per month forwarded from the front desk. Since the receptionist has numerous other duties, she could easily send a call to the wrong area or misinterpret a crisis call. She can be overheard by anyone waiting in the lobby, entering the building, or standing outside the main conference room doors. As the receptionist may have several calls or walk-ins while on the telephone with a consumer, the complainant may be put on hold or transferred several times before reaching the appropriate personnel. By having the DMH central office receptionist be the first line person dealing with complaint/grievance calls, it appears the DMH is not taking complaints seriously.

The Oversight Division contacted the Department of Corrections (DOC), Constituent Services Office regarding

its complaint resolution program. The DOC has a very successful customer-focused program. By channeling multiple contacts through one office, the office staff can quickly identify trends or other problems which may affect one or more inmates, staff, visitors or facilities and work to resolve these problems before they affect others at another time. The DOC program is designed for customer satisfaction by reviewing every contact, providing outreach into the prison populations and their families, and successfully reducing costly litigation.

RECOMMENDATIONS:

The Oversight Division recommends the DMH reorganize staff associated with the grievance/complaint resolution process and make them part of the Office of Quality Management. The first person contacted in the grievance/complaint process should be an employee in the office working with the resolution of these types of issues. Since the primary function of the OCA is to facilitate the complaint resolution process rather than actually resolving complaints, the responsibilities should be reorganized within the Office of Quality Management. Having two offices responsible for grievances and complaints complicates the process and makes it more difficult for an issue to be resolved. Inadequate training also slows the resolution process and could result in inappropriate responses to consumers' concerns. Written protocols should be provided for employees to follow when dealing with consumer complaint and grievance issues as well as annual training.

The Oversight Division recommends the DMH maintain direct complaint/grievance phone lines, staffed during normal business hours, with trained Office of Quality Management staff. The phone numbers should be published in telephone books and included in all DMH brochures and pamphlets given to consumers and their families.

Oversight further recommends all complainants receive a final closing letter when an issue has been resolved.

Oversight recommends the Department include a copy of this letter, along with a copy of the CATS information, in the file when the issue has been resolved. This would result in more efficient use of files in the event the CATS system is not available. For issues appealed to the Director of the Department, Oversight recommends the Mental Health Commission be involved in all final decisions.

Oversight recommends the DMH review and consider implementing a program similar to the Department of Corrections, Constituent Services Office's consumer-focused program.

Comment #7 DMH Consumer/Family Satisfaction Surveys need to be more user-friendly.

The OCA administers a consumer/family satisfaction survey annually each April. All current consumers of Alcohol and Drug Abuse (ADA) and Comprehensive Psychiatric Services (CPS) programs are given the opportunity to complete the survey. MRDD clients are given an opportunity for an interview with a case manager to complete the survey. Data collected from the surveys is used by the DMH to measure service satisfaction, quality improvement, strategic planning, and budgeting.

Oversight reviewed OCA's consumer/family satisfaction survey forms and found there are multiple versions of each satisfaction survey (34 versions for 2001), color-coded for specific DMH programs. Oversight found that in most instances there were only slight differences between the various survey forms. The family surveys provide a line for the family relationship, but no other identifying information is requested from the preparer. When facility or DMH staff complete the form for the client, there is no indication on the form that it was prepared by anyone other than the client.

The current surveys are crowded and hard to read. The surveys are printed in too small a font for easy reading. In addition, the last question of the survey asks for additional comments, but there is only enough space for respondents to provide a one or two line response.

Since facility and DMH staff are not identified on the surveys they complete for clients, the potential exists for

inaccurate/distorted data collection. In addition, name, address and telephone information is not requested on the survey. When comments are written in, the DMH cannot contact the preparer for further follow-up when needed.

Without improving the surveys to make them more consumer/user friendly, the number of clients and their families responding may decrease. In addition, questions may be missed or misread. Providing limited space for additional comments gives the appearance the DMH is discouraging additional comments.

RECOMMENDATIONS:

The Oversight Division recommends the DMH review and revise the consumer satisfaction surveys so they are easier to read and complete. Additional space for comments should be added as well as space for a preparer's name, address and telephone number if the survey is completed by someone other then the client. All surveys completed by facility or DMH staff should be identified.

Oversight further recommends the DMH consider eliminating the various versions of the survey and create a one page (front and back) form with larger print and more white space. A line could be added for clients and families to list the services received from the DMH.

Chapter 5 - DMH Claims Processing

The Department of Mental Health's claims processing system is a Purchase of Service (POS) system and is used to bill all DMH services. The POS system, however, does not include Medicaid processing because Medicaid came after the POS system was implemented. The DMH has made its systems adapt to Medicaid billing by extracting Medicaid services and putting them on a separate billing tape. The Medicaid services tape is sent to the Department of Social Services for processing.

Currently each DMH Division processes claims differently. The Division of Alcohol and Drug Abuse (ADA) uses a system for Comprehensive Substance Treatment and Rehabilitation Program (CSTAR) billing because all ADA services have to be preauthorized before the service is provided. The Division of Mental Retardation and Developmental Disabilities (MRDD) built its own billing system known as the MRDD Information System (MRDDIS). The Division of Comprehensive Psychiatric Services (CPS) uses still another system because some vendors directly bill Medicaid for Medicaid client services and some vendors input information into the DMH POS system.

The DMH recognized the need to consolidate its claims processing system. After identifying three options (updating the current system, purchasing a new system, or outsourcing), the Department purchased a new system, the Customer Information Management, Outcomes, and Reporting (CIMOR). When CIMOR is fully implemented, all of DMH's claims processing will be done by the one system. The CIMOR pilot is scheduled to begin in April 2002. The DMH is planning to have CIMOR fully implemented for its 28 facilities and networking to ADA and CPS point-of-service and community placement providers by August 2002.

According to DMH's budget request for FY 2001, CIMOR cost approximately $4.7 million excluding ongoing maintenance costs. Some expenditures for the program have been extended into FY 2002. Also, in FY 2002, the Department requested and was approved to receive an additional $5.9 million for deployment of a network server and work station upgrades necessary to implement CIMOR. In the DMH's FY 2003 budget request, the Department is requesting $4.7 million to complete the CIMOR operations and in FY 2004, and annually thereafter, ongoing costs are expected to be $2.7 million or higher. Therefore, the Department has or will spend, through FY 2003, approximately $15.3 million to implement the CIMOR system, excluding annual ongoing cost.

Comment #8
DMH purchased the new CIMOR system without determining the costs of two other identified options.

The Department completed their decision-making process to purchase a new billing system without first obtaining the costs or determining the feasibility of the two other options available, updating the current system or outsourcing.

According to DMH staff, the first option, to update their current system, would have had too many problems and would probably have required more funding than the new system. However, the DMH never put figures to this option.

In a Health Insurance Portability and Accountability Act (HIPAA) plan review dated April 26, 2001, J. Norman Consulting, Inc. stated the current DMH systems could not be made HIPAA compliant or would cost more than the current CIMOR budget to make compliant. However, the decision to purchase the new billing system was made prior to the issuance of the HIPAA report because the FY 2000 budget included costs for software, licenses, customization, installation, and training for a new system.

The Department's third option was to outsource claims processing. A DMH employee called a few companies to inquire about outsourcing, but decided the DMH could not find companies that would process its claims for the $9 million core budget amount the DMH had to work with.

Oversight contacted the Department of Social Services (DOS). The DOS is currently outsourcing its billing and claims processing with Verizon. In FY 2001, DOS paid approximately $13.6 million to have 60 million claims processed, a cost of about 23 cents per claim. The DMH estimates between three million and 3.6 million claims are processed annually for the Department. Using the DOS contract amount with Verizon, the DMH would have been charged between $690,000 and $828,000 for FY 2001 claims processing. Oversight did not contact Verizon regarding a contract with DMH.

Without providing a cost analysis for each option identified in the decision to purchase a new billing and claims processing system, it appears the DMH did not utilize good

fiscal management practices. The purchase of a new billing and claims processing system should have generated concerns as to costs for any alternatives.

RECOMMENDATIONS:

The Oversight Division recommends, in the future, the DMH prepare a cost analysis of various options before a major decision is made. All options should be investigated and a dollar amount determined for the initial cost and projected annual expenses. Oversight recommends the House Budget Committee and the Senate Appropriations Committee request documentation prior to making a decision to fund such a project. Although Oversight acknowledges cost is not the only factor in making a major decision, it certainly should be considered.

Comment #9
The Department of Mental Health does not have Department-wide policies and procedures in place for the review of contractor/provider billing of client services.

In conjunction with the review of the Department's claims processing system, Oversight obtained policies and procedures regarding the review of claims submitted by contractors and providers for detection of possible fraud and abuse. Each Division within the DMH has its own policies and procedures and staff responsible for conducting provider/contractor reviews, but there are no Department-wide directives and review guidelines. In fact, for one of the Divisions, Oversight was told that all policies and procedures are located in the regions and that each region has its own "methods" for reviewing contractors/providers and the claims submitted by those entities Each Division conducts its own reviews with limited coordination between the other Divisions. The DMH's Audit Services section primarily responds to management requests where management believes there are problems and concerns and does not conduct general reviews of providers and contractors. Since the DMH does not have department-wide policies and procedures in place for the evaluation and review of its providers and contractors, the Department lowers its likelihood of discovering billing abuses and work may be duplicated by staff in the various divisions.

Oversight also noted during its review of the policies and

procedures provided for the review of claims that providers/contractors receive an approximate one week notice prior to a site visit of the client names and the review period DMH monitoring staff will be reviewing. Although this allows providers the opportunity to have the records available for monitoring staff upon their arrival, it also provides an opportunity for record review and correction by the facility.

According to RSMo 630.455, the Attorney General is to represent the Department when seeking restitution of any moneys dispensed which have been misappropriated, fraudulently obtained or overpaid. The DMH stated that when overpayments and billing abuses occur for clients receiving Medicaid services, they work with the Department of Social Services, Division of Medical Services, to recoup overpayments made to providers and make referrals of suspected fraud cases to the Attorney General's Office.

When Oversight staff contacted the Department of Social Services (DOS) and the Office of Attorney General (AGO), staff from these departments stated there is little or no contact and referral from the DMH to their departments for suspected fraud and abuse by DMH providers/contractors. The DOS staff stated the DMH does contact them if they have questions, but there have not been a significant number of joint reviews between the DOS and the DMH in the recent past. In fact, DOS staff stated only one joint review of a DMH provider relating to fraud and abuse was conducted between DOS and DMH in 2000 and no joint reviews have been conducted in 2001. It appears, therefore, that the DMH has not been aggressive in detecting potential fraud and abuse by its providers/contractors.

RECOMMENDATIONS:

Oversight recommends the Department consolidate provider/contractor reviews within one office, preferably the Office of Quality Management, since this is where the Audit Services unit is located. Reviews should be coordinated to encompass all three divisions' work, when

possible, to reduce duplication of effort. Oversight also recommends the DMH develop department-wide review procedures when reviewing providers/contractors.

Oversight also recommends the DMH discontinue notifying providers/contractors of the client files it plans to review during monitoring visits and take a more aggressive approach in detecting possible fraud and abuse.

Chapter 6 - State and Regional Advisory Council Expenditures

State law provides for State Advisory Councils for the Division of Alcohol and Drug Abuse (ADA) and Division of Comprehensive Psychiatric Services (CPS). These Councils provide input and make recommendations for improvement in mental health services throughout Missouri. Regional councils, located throughout the state, act as representatives for consumers, providers, and vendors and provide input to the State Councils.

Federal law mandates the Missouri Planning Council for Developmental Disabilities. This Council's mandate is to plan, advocate for, and give advice concerning programs and services for persons with developmental disabilities.

Oversight obtained and reviewed expense reports for travel, lodging and meals for the various state and regional advisory councils for the five years ending June 30, 2001. Since FY 97, expenses for the CPS Regional Advisory Councils have declined significantly, while the ADA Regional Advisory Council expenditures have had a more modest decrease.

Total CPS Regional Advisory Council expenditures were approximately $20,000 in FY 97 and $2,100 in FY 01. The CPS stated the role of the Regional Advisory Councils have changed since the implementation of a single DMH strategic plan. As a result of reductions in planning responsibilities, the number of regional council meetings and the corresponding expenses have declined.

Total ADA Regional Advisory Council expenditures decreased from approximately $6,300 in FY 97 to $4,300 in FY 01. The ADA stated the primary reason for the reduction in costs is due to a decrease in the number of meetings held. Initially, the ADA Regional Councils met monthly; now most of the Councils meet bimonthly.

The Missouri Planning Council for Developmental Disabilities travel, lodging, and meal expenditures have remained fairly constant over the past five fiscal years, averaging approximately $35,600 annually. Unlike CPS and ADA Regional Council meetings, which are for regional representatives, the Missouri Planning Council meetings are for representatives from across the state. Meetings are held approximately every other month and generally encompass two days. Often the meetings not only serve as council meetings, but include public hearings on various issues and initiatives.

APPENDIX

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January 8, 2002

Mickey Wilson, CPA
Acting Director
Committee on Legislative Research
Oversight Division
Room 132, State Capitol
Jefferson City, MO 65101-6806

Dear Mr. Wilson:

This is a follow up to our December 27 meeting regarding the Legislative Oversight Audit-Response Report. As discussed, I am providing you with the Department of Mental Health's response to the Legislative Oversight Audit Report.

Legislative Oversight Audit-Response to Draft Report

Comment 1: Few measurable performance indicators have been implemented by the Department of Mental Health.

The Department agrees with the recommendations, however the comment fails to reflect the considerable efforts that have gone into performance indicators Department-wide. Measurable performance indicators are in use in a variety of contexts within the Department of Mental Health. These measurements have been referenced most visibly in annual budget requests, block grant applications and renewals, and Governor initiated improvement initiatives. Examples of such measurement activity include the annual survey of consumer satisfaction, the measurement of movement towards independence and recovery by persons with severe mental illness (Show Me Result-Reduction of Chronic Illness Impact), and assessments of substance use, delinquent behavior, and risk and protective factors among Missouri students.

As shared with Legislative Oversight personnel and accurately reflected in the report, our early strategic planning efforts tended to be general and broad and thus difficult to measure. As a result, we frequently fell short of collecting and reporting on all of the measurements identified in previous plans. We believe this problem has been corrected in the current DMH strategic plan.

Comment 2: Part-time employees often do not have "Memorandums of Understanding" detailing the conditions of their employment.

The Department agrees and has developed and is implementing a standardized memorandum of understanding that sets forth the terms and conditions of employment and which must be signed by all part-time employees. As noted in the oversight report, the Department has already implemented a tracking system to assure that part-time employees do not exceed their allowed number of hours.

Comment 3: Part-time investigator duties should be absorbed by existing full-time Office of Quality Management staff.

The Department does not agree that employee related investigations should be absorbed and performed by investigators in the OQM Abuse/Neglect Investigations Unit.

- The OQM unit lacks sufficient capacity to assume the investigations currently done by part-time Human Resource investigators without reducing the number of consumer related investigations done. A point of clarification is needed related to the absence of an abuse/neglect backlog of cases to be investigated. We do not have an investigation backlog of "priority 1" abuse/neglect allegations in that all such requested investigations have been assigned and investigations have been initiated. Our system allows us to dispatch an investigator immediately to secure evidence and time sensitive testimony on site for cases where there is considerable consumer or employee risk. These activities are done while waiting for reports or releases to arrive or completing written reports on other pending cases also assigned to the investigator. Although we have managed to keep pace in responding to these time critical investigations, the Unit does have a backlog, (currently 6 waiting for assignment), of lower priority cases and has had such a waiting list for at least the past 3 years. These cases are related to client issues, but have been identified as less time sensitive; such as a request to review a local investigation.
- The use of part-time investigators to conduct fact finding and follow-up on such issues as allegations of employee theft or harassment and late stage employee grievances has proven very advantageous for the Department.
    1) Part-time investigators permit us to readily address workload fluctuations. Current practice allows us to conserve resources when there is no demand, yet respond promptly when several concurrent investigations scattered throughout the state are needed. Investigations would have to be delayed if assigned to one full-time staff member or if dependent on availability of abuse/neglect investigators.

2) By hiring part-timers in unclassified positions, we are able to address our needs for certain types of expertise. In our current group of part-time investigators we have law enforcement, public administration, human and labor relations, mental health services, and social services experience. Human Resources is currently looking for someone to hire who has a background in sexual and racial harassment and discrimination to handle those types of investigations. We couldn't find one full-time person with the expertise represented by these people nor could we undertake to train and maintain the variety of required competencies abuse/neglect investigators would need to complete this work.

Comment 4: The Department of Mental Health does not have current job descriptions for all merit employees.

The Department agrees and is developing processes to assure that all employee performance plans (classified and unclassified) are reviewed and updated annually. Also, please note that, in connection with Comment #2 above, a position description must now be provided prior to filling any unclassified position.

Comments 5: The Department of Mental Health has employees classified as directors or managers that have little or no supervisory responsibilities.

The job titles "director" and "manager" do not necessarily imply supervisory responsibilities, and may be appropriately used when the individual is responsible for major program or policy development and/or implementation. The Division of Personnel is responsible for the development of job classifications, including the "Mental Health Manager" classification. The Division of Personnel reviews, classifies and titles those positions. The Department does not have the authority to change the payroll titles for these positions, and must use the existing titles in the system.

Comment 6: The Department of Mental Health should maintain direct complaint/grievance telephone lines that are answered by appropriate staff with the Office of Quality Management and place a formal final resolution document in grievance/complaint files.

The Department accepts the need to revisit the use of our front desk receptionist as the first contact point for persons calling the Department with complaints and issues and will do so. We will be similarly be reevaluating our record keeping practices per your recommendation. Although we have informally consulted with the DOC--Constituent Services Offices, your suggestion that we more fully explore their system for possible improvement ideas is noted. Suggestions and

comments concerning ideas for improved distribution of consumer contact phone numbers, etc. are consistent with our ongoing efforts to improve our consumer relations.

Comment 7: DMH Consumer/Family Satisfaction Surveys need to be more user-friendly.

There are multiple versions of the consumer/family satisfaction survey to produce results that are both global to the Department and specific to the programs where consumers are served. In addition to statewide and Division reports, information is produced for all individual providers. We have found results at various system levels important as they support accountability to the consumer and quality improvement at all service system levels. Without the variation in survey versions the results would be useful only at the broadest level. This would eliminate any ability for providers, individual consumers and family members to learn about the level of satisfaction at the specific service delivery level. The fact that there are multiple versions of the survey is not apparent to consumers or families who complete only the survey relevant to the services they receive.

The survey process and tools are evaluated and updated annually. Surveys are field tested to include observations of readability and ease-of-use before statewide implementation. We will include your observations and suggestions with other collected feedback for consideration in our ongoing improvement process.

Comment 8: DMH purchased the new CIMOR system without determining the costs of two other identified options.

The Department acknowledges that a formal report outlining the costs of two other identified options compared to the CIMOR system is not available. But the Department did engaged in a thorough process prior to making a decision and that process involved the following steps:

- Gathered information from technological outsourcing experts
- Analyzed the current process for claims processing
- Analyzed and compared tasks that would still be required by the Department even if outsourcing of claims processing was untaken
- Utilized internal IT and Business experts for analysis and data
- Engaged in discussion with DMS regarding possible use of same vendor for claims processing
- Evaluation of RFP included a review of the merit of purchasing versus, outsourcing

The vast array of information gathered from all of these steps indicated, among other things, that the expected cost of outsourcing would be greater than resources available to the Department.

Just prior to the award of the RFP contract, the DMH Executive Team reviewed and discussed the decision making that led to that point and agreed that the purchase of a single system, including claims processing, was the best way the Department could reach its goals.

Comment 9: The Department of Mental Health does not have Department-wide policies and procedures in place for the review of contractor/provider billing of client services.

As noted in the findings, each Division has its own policies and procedures for conducting provider/contractor reviews. These policies and procedures were developed in response to the distinct types of providers, programs and services being monitored by each division. However, where there is similarity in programs and services, it is appropriate to have a single set of standards for conducting reviews. The Core Program Certification Standards recently jointly adopted by the Division of Alcohol and Drug Abuse and the Division of Comprehensive Psychiatric Services demonstrate the Department's commitment to assuring consistency across divisions when appropriate. We will continue to review policies and procedures to assure that they are consistent across divisions, as appropriate.

The Department strongly disagrees with the finding that suggests the Department does not work closely with the Department of Social Services (DOSS) and the Office of the Attorney General regarding suspected Medicaid fraud. DMH follows RSMo 630.455 when contacting providers regarding overpayments. If no response or payment arrangement is established, DMH follows the procedure in statute and CSR 25-4.040 and refers cases to the Attorney General's Office for recovery. The Department has, in fact, worked closely with both agencies when fraud has been suspected. These cases have resulted in Medicaid paybacks and the canceling of state contracts. It is important to note that the number of suspected cases of fraud have been very few. Consequently, the volume of referrals to DOSS and the Attorney General has been low.

If you have additional questions or need further clarification, please contact my office.

Sincerely,

Dorn Schuffman
Director